



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

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Mark Fesmire

Division Director

Oil Conservation Division



December 27, 2010

Devon Energy Production Company, L.P.
Attn: Sam McCurdy
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-6310

Re: Cotton Draw Unit Well No. 151H
API No. 30-015
200 feet FNL & 660 FWL
Unit D, Section 35-24S-31E
Eddy County, New Mexico

Cotton Draw Unit Well No. 152H
API No. 30-015
200 feet FNL & 1980 FWL
Unit C, Section 35-24S-31E
Eddy County, New Mexico

Cotton Draw Unit Well No. 155H
API No. 30-015
200 feet FNL & 1980 FEL
Unit B, Section 35-24S-31E
Eddy County, New Mexico

Cotton Draw Unit Well No. 156H
API No. 30-015
200 feet FNL & 660 FEL
Unit A, Section 35-24S-31E
Eddy County, New Mexico

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Dear Mr. McCurdy:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-34927618**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 13, 2010, and

(b) the Division's records pertinent to this request.

Devon Energy Production Company, L.P. (Devon) has requested to drill the above-referenced wells as horizontal wells in the Delaware formation, at locations that will be unorthodox under Division Rule 16.14.B(2). The proposed surface locations, points of penetration and termini of the wells are as follows:

Well No. 151H:

Surface Location: 200 feet from the North line and 660 feet from the West line (Unit D) of Section 35, Township 24S, Range 31E, NMPM, Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 200 feet from the South line and 660 feet from the West line (Unit M) of said section

Well No. 152H:

Surface Location: 200 feet from the North line and 1980 feet from the West line (Unit C) of Section 35, Township 24S, Range 31E, NMPM, Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 200 feet from the South line and 1980 feet from the West line (Unit N) of said section

Well No. 155H:

Surface Location: 200 feet from the North line and 1980 feet from the East line (Unit B) of Section 35, Township 24S, Range 31E, NMPM, Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 200 feet from the South line and 1980 feet from the East line (Unit O) of said section

Well No. 156H:

Surface Location: 200 feet from the North line and 660 feet from the East line
(Unit A) of Section 35, Township 24S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 200 feet from the South line and 660 feet from the East line
(Unit P) of said section

A 160-acre project area comprising four standard 40-acre oil spacing units in the undesignated South Poker Lake Delaware Pool (50382) or the undesignated South Cotton Draw Delaware Pool (13375) shall be dedicated to each of the above wells, as follows:

Well No. 151H: W/2 W/2 of Section 35
Well No. 152H: E/2 W/2 of Section 35
Well No. 155H: W/2 E/2 of Section 35
Well No. 156H: E/2 E/2 of Section 35

Both of the above named pools are governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. These locations are unorthodox because portions of the producing intervals will be less than 330 feet from the outer boundaries of the respective project areas, and therefore outside the producing areas.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking these location for engineering reasons, in order to maximize the amount of the target horizon within the producing area that can be penetrated by the lateral portion of each wellbore. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox locations are hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Daniel Sanchez
Acting Director

DS/db